

State Senator Johnny Nugent
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WHY YOU SHOULD READ THIS NEWSLETTER:

The recently completed legislative session created a great deal of public interest. However, you may not have heard the complete story. Please take a moment to read the information within this publication before forming your own opinions about Indiana's current state of affairs.

Proposed Property Tax Relief	Senate passed version	House passed version
Residential Property Tax	25% average decrease	10% average decrease
Agricultural Property Tax	40% average decrease	12% average decrease
Business Property Tax	55% average decrease	24% average decrease

This chart shows simply how the Senate was working in the best interest of Hoosiers by insisting upon substantial property tax relief.

SENATOR NUGENT ACHIEVED A 100%
VOTING ATTENDANCE RECORD THIS YEAR!

JOHNNY NUGENT

SPRING
LEGISLATIVE
UPDATE

A NOTE ABOUT THE STATE'S FINANCES

Dear Friends:

Like many states, Indiana is facing a financial bottom-line far below the levels of just a few years ago. Belt-tightening by state government is called for; however, the budget shortfall does not dictate massive cuts in state funding for local schools. In fact, it is not necessary to lay off one teacher due to Indiana's fiscal condition today.


Even if the 2002 Legislature had passed the tax increases requested by Gov. Frank O'Bannon to fund the state budget, not one more dollar would have been available to schools. Revenue generated by the tax increases would have gone to finance more state spending. In the end, a majority of my Senate colleagues and I were not convinced that taxes should be raised during a recession to avoid government belt-tightening.

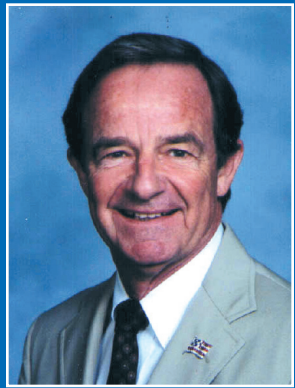
Although lawmakers did not accomplish a top-to-bottom overhaul of the state tax structure, let me assure you that the effort did not end with the gavel that concluded this year's 10-week legislative "short session."

We remain committed not only to easing the effects of the property reassessment underway currently, but also to achieving a permanent and meaningful reduction in the unfair property tax and to creating a tax structure which will restore economic vitality to the Hoosier state.

Indiana leads every state in the number of jobs lost; more than 100,000 Hoosier jobs have vanished over the past two years. Recognizing and responding to the changes taking place in the U.S. and world economies is the key to our state's future. That challenge remains before us and, as with the property tax issue, we are committed to overcoming it.

During the legislative session, we were reminded that some four years of work went into Indiana's last major tax reform in 1973. The close of the 2002 Legislature did not mark the end of the line for cutting property taxes and creating a tax climate which attracts jobs to Indiana. It simply marked the next step in a positive direction.

Sincerely,

Johnny Nugent
State Senator



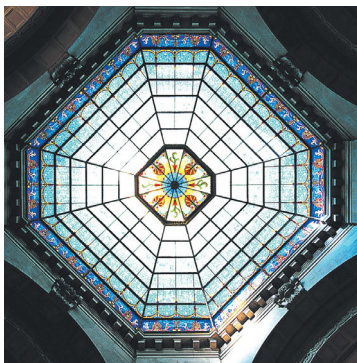
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SENATOR JOHNNY NUGENT'S SPRING UPDATE

GOVERNOR FORCES RETURN FOR SPECIAL SESSION

The drumbeat from the Statehouse, led by Gov. Frank O'Bannon and cheered on by special interests and the news media, pounds home the message that the Indiana Legislature must return for a special session beginning May 14.

My advice is to read between the lines. Cleverly crafted phrases such as "finish the job" and "correct the failings" of this year's 10-week regular session have but one meaning: raise taxes.

My disappointment in our governor continues to mount. Shortly after the legislative session adjourned on March 14, the governor vetoed my Senate Enrolled Act 217 - the Muscatatuck Bill - denying residents of Muscatatuck State Developmental Center, their parents and guardians, of their rights, which my bill would have provided. I believe his veto was a gross mistake. Now the governor chooses to issue an executive order to call all 150 legislators back to the State Capital to raise taxes on Hoosier families and waste more taxpayer money.

As the state's chief executive officer, the governor already has the authority to cut or postpone spending. He has done precious little in this regard; barely enough to be

able to say with a straight face that spending has been cut.

The governor also has the authority to tap into the state's Rainy Day Fund (current balance: \$526 million). Further, on April 8, State Auditor Connie Nass and State Treasurer Tim Berry, members of the Board of Finance, granted the governor's request to transfer to the general fund \$432 million from the Build Indiana Fund, tobacco settlement account and other reserves.

Conservative members of the Senate have offered a laundry list of ways to reduce spending, including cancellation of a portion of the over \$1 billion in yearly taxpayer-funded consultant contracts and selling excess state property.

We also have suggested more modest ways to achieve budget savings, such as selling the governor's new \$4 million airplane and reducing the \$550,000 budget for Central State Hospital in Indianapolis, where there have been no patients since 1994.

State Auditor Nass pointed out that closing some of the state's 2,000 special accounts which either have excess funds or have sat dormant for years could yield some \$278 million. Of that amount, \$125 million was included in the April 8 transfer, leaving \$153 million available.

These suggestions, for the most part, have been rebuffed as one-time fixes and short-term solutions. A permanent solution is needed, the governor tells us. "Permanent solution" is another phrase which means "higher taxes."

One area in which the governor cannot act on his own is to raise taxes. Tax increases must be passed by the Legislature. For that single reason, the special session drumbeat goes on.

Many working Hoosier families have been forced to cut back significantly or postpone spending to weather the economic downturn, yet the governor is unwilling to manage government like families manage their households. He insists upon higher taxes. Indiana government needs to be placed on a strict diet, cutting the fat and mismanagement.

When the special session comes, the governor and his special interest and media supporters likely will get their way with part-time lawmakers who again must leave their homes and places of work to return to the Capitol.

In the governor's dictionary, it may be a "special" session. In my mind, there will be nothing "special" about it.

NUGENT GETS MUSCATATUCK BILL THROUGH LEGISLATURE; O'BANNON VETOES

Senator Nugent responded recently to the governor's veto of Senate Enrolled Act 217, known commonly as the Muscatatuck Bill.

"It is disappointing to learn of the veto message from Governor O'Bannon regarding my Senate Enrolled Act 217," said Nugent. "This legislation ensures the rights of residents and family members by guaranteeing their direct input into the process."

The bill assures that residents of Muscatatuck State Developmental Center (MSDC), located near Butlerville in Jennings County, could not be moved or placed in another facility without the express consent of the resident and their parent or guardian.

"I fail to comprehend the mentality of the governor with this veto," said Nugent. "There were no significant costs factors, and in actuality, the bill would have helped relieve the financial burdens by delaying the spending that will be necessary to properly close the MSDC facility."

Senate Bill 217 was authored by Nugent during the recently-completed legislative session, in response to the administration's decision to close MSDC. The conference committee report for the final version of the bill was approved unanimously by both the Senate and House of Representatives with not one negative vote.

"The final version of this bill was approved unanimously, meaning all of my legislator colleagues agreed with me," said Nugent. "Now, with this veto by the governor, one individual is stating that he knows better than the 150 duly-elected representatives of every other Hoosier. I am disappointed in the governor's decision to deny these residents and their families the right to guaranteed input in their own placement."

The bill will return to the Senate, where the legislature will consider the veto message and vote on a veto override during the next legislative session.

The issue is also being considered in a court case filed by families of MSDC residents. Recently, a judge issued an order barring transfers without the consent of family members. The court order essentially enacts the bill's language until the veto override is brought before the legislature for a vote.

WHY WAS THERE NOT ENOUGH TIME TO ADDRESS EVERY ISSUE?

The second session of each Indiana General Assembly is called the "short session," where legislators convene only for a short time in the spring. This year the legislature convened on January 7, and was required by law to adjourn before March 15.

In just ten short weeks, the Indiana General Assembly had to consider **963** separate bills.

Here are some other interesting statistics about this session:

Days that the Senate convened for business: **32**

Roll call votes taken in the Senate: **411**

Meetings of Senate standing committees: **105**

Resolutions introduced: **295**

Longest bill: **713 pages**

Number of bills assigned to a conference committee: **97**

Senate bills sent to the Governor to be signed into law: **122**

For more information, visit the General Assembly Web site at <http://www.in.gov/legislative>



Historically, property tax has been an issue in Indiana. This photo shows a Statehouse gathering many years ago showing support for limitations on property tax. Property tax eradication is a very complex issue because it is a specific stipulation in the state's constitution. Constitutional amendments take years to draft and carry out.